I. INTRODUCTION

On May 9, 2001, the Department of Telecommunications and Energy ("Department") issued a Notice of Inquiry ("NOI") opening an investigation of the billing services provided by distribution companies to competitive suppliers serving customers in their service territories. In our NOI, the Department stated that we would focus our investigation on two issues: (1) the manner by which a supplier single-bill option may be made available to customers and suppliers within the existing statutory and regulatory framework; and (2) the method by which customers' "partial" payments are allocated between distribution companies and competitive suppliers. The Department held a technical session on June 7, 2001 to discuss these and other billing-related issues raised by participants.

Subsequent to the technical session, written comments were submitted by the Attorney General, the Division of Energy Resources ("DOER"), Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company, d/b/a NSTAR Electric ("NSTAR"), the Competitive Suppliers, Fitchburg Gas and Electric Light Company ("Fitchburg"), Massachusetts Electric Company and Nantucket Electric Company ("MECo"), the Utility Workers Union of America ("UWUA"), and Western Massachusetts Electric Company ("WMECo"). The comments addressed three issues: (1) the legal authority of the Department to require distribution companies to offer a supplier single-bill option; (2) the appropriate allocation of partial payments; and (3) the purchase of receivables by the billing

The Competitive Suppliers include: AES New Energy, Inc.; AllEnergy Gas and Electric Marketing, L.L.C.; Enron Energy Services; Exelon Energy Company; Green Mountain Energy Company; New Power Company; and SmartEnergy, Inc.

entity.

II. <u>ISSUES</u>

A. Whether the Department has the authority to implement supplier-issued single bills:

1. <u>Introduction</u>

Pursuant to G.L. c. 164, § 1D, and the Department's regulations, 220 C.M.R. §§11.00 et _seq_, distribution companies currently offer two billing options to customers and competitive suppliers in their service territories: (1) a complete billing option, under which customers receive a single bill from their distribution companies with both distribution- and competitive supplier-related charges included; or (2) a pass-through billing option, under which customers receive separate invoices for distribution- and supply-related charges. Suppliers currently do not have the opportunity to send a single bill to their customers that would include charges for both supply- and distribution-related services. In the Department's NOI, we asked for comments on whether supplier-sent invoices that include charges for supply- and distribution-related services is legally permitted.

2. Summary of Comments

The Attorney General, MECo, NSTAR, WMECo, and the UWUA opined that the Electric Restructuring Act, Chapter 164 of the Acts of 1997 ("Act") does not provide the Department with the authority to permit a supplier-generated single bill (Attorney General Comments at 1; MECo Comments at 2-5; NSTAR Reply Comments at 3-5; WMECo Comments at 3-9; and UWUA Comments at 1-5). Specifically, NSTAR and MECo stated that an examination of the legislative history of the statute demonstrates that a supplier single-bill

option was included in early drafts of the legislation and was explicitly removed before final passage (NSTAR Reply Comments at 4-5; MECo Comments at 4-5). Thus, NSTAR and MECo argue that the legislature made an active decision – demonstrating its legislative intent – not to include the single-bill option in the law (<u>id.</u>).

In furtherance of their argument that the statute should be interpreted to prohibit supplier-generated single bills, NSTAR and MECo cite to caselaw wherein the Supreme Judicial Court found that when an enacted law clearly omits statements that were contained in earlier drafts of the legislation, the law should be interpreted so as to prohibit something that had been explicitly deleted from later versions of legislation (id. citing Green v. Wyman-Gordon Company, 422 Mass. 551, 556, 664 N.E. 2d 808, 812 [where the Supreme Judicial Court found that where prior to the enactment of the law at issue eight different versions were proposed, the statute could not be interpreted to allow something that had been explicitly stated in two of the eight proposed versions but omitted from the final law]).

Conversely, DOER and the Competitive Suppliers assert that the Act does provide the Department with the authority to implement supplier-issued single bills (Competitive Suppliers' Comments at 4-7; DOER Comments at 2-3). DOER cited to G.L. c. 164, § 76C² as providing the Department with the general authority to promulgate the rules and regulations necessary to develop a supplier single-bill option (DOER Comments at 2). DOER also stated that the Act empowers the Department to develop and implement the necessary programs to carry out the

G.L. c. 164, § 76C states that "The Department may establish from time to time such reasonable rules and regulations consistent with this chapter as may be necessary to carry out the administration thereof."

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statutory scheme established therein (id. at 3). The Competitive Suppliers cited to G.L. c. 164, § 1F(3)³ as providing the Department with the necessary authority to adopt supplier single-bill rules, because such rules would promote effective competition (Competitive Suppliers' Comments at 4).

3. Analysis and Findings

G.L. c. 164, § 1D states that "in order to promote customer choice and convenience in a restructured electricity and gas market, distribution companies shall create and send bills to retail customers pursuant to *either* of the following billing options": (1) single bill from the distribution company; or (2) two bills, one from the supplier and one from the distribution company. See G.L. c. 164, § 1D (emphasis added). The Department finds that by providing only two choices for the issuance of bills to customers, the legislature implicitly prohibits the implementation of a third billing option. The words are a plain enough indication of intent, Commonwealth v. Welosky, 276 Mass. 398, 401-402 (1931), to obviate any recourse to legislative history, Sterlite Corporation v. Continental Casualty Company, 397 Mass. 837, 839 (1986). Authorizing a third billing option, however useful it might be to spurring competition, lies outside the Department's power. Only a legislative change could authorize a third billing option. "...[W]e have no right to conjecture what the Legislature would have enacted if they had foreseen the occurrence of a . . . [question] like this; much less can we read into the statute a provision which the Legislature did not see fit to put there, whether the omission came from

G.L. c. 164, § 1F states that "The Department is hereby authorized and directed to establish rules and regulations to (i) promote effective competition;"

inadvertence or a set purpose." King v. Viscoloid Company, 219 Mass. 420, 425 (1914).

On December 29, 2000, the Department submitted a report to the Legislature entitled, Competitive Metering, Billing and Information Services, D.T.E. 01-41. In the Report, the Department endorsed the availability of a supplier-issued single bill, stating that the billing option would benefit the development of a healthy competitive generation market because supplier-sent invoices would allow a supplier to create a brand name and to advertise and charge for the services they provide. <u>Id.</u> at 28. The Legislature would not have asked us to file a report of this nature if it had already by statute delegated to us authority to implement the billing option.

In addition to providing the Legislature with a report endorsing a supplier-issued single bill option, the Department has conducted information-gathering technical sessions and opened investigations concerning other competitive market initiatives. See e.g., Investigation into Advanced Metering, D.T.E. 01-28 (Phase I) (2001); Investigation into Competitive Market Initiatives, D.T.E. 01-54 (2001). In each of these proceedings, the Department has reiterated its commitment to identifying and minimizing or eliminating all barriers to the development of an efficient competitive electric market in Massachusetts.

B. Allocation of Partial Payment

1. Introduction

The issue of payment allocation arises when a customer who receives a single bill from his distribution company (which includes both distribution company-related charges and competitive supplier-related charges) remits a partial payment. The partial payment is then

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allocated between the customer's distribution company and his competitive supplier pursuant to rules established by the Department. In <u>Terms and Conditions</u>, D.P.U./D.T.E. 97-65 at 54 (1997), the Department stated that if a Customer pays the Company less than the full amount billed, the Company shall apply the payment first to distribution service and, if any payment remains, it shall be applied to generation service (referred to herein as the "existing payment allocation method").

2. Summary of Comments

MECo, NSTAR, and WMECo support a partial payment method where monies are allocated as follows: (1) distribution company arrears; (2) competitive supplier arrears; (3) distribution company current balances; and (4) competitive supplier current balances (MECO Comments at 2-3; NSTAR Reply Comments at 6; WMECo Comments at 10-11) (herein referred to as the "proposed allocation method"). These commenters state that this method reasonably ensures that suppliers are able to collect their arrears in a timely manner and that consumers are appropriately protected from termination of electric service (MECO Comments at 5; NSTAR Reply Comments at 6; WMECo Comments at 10-11). WMECo states that the existing payment allocation method has produced "unintended results" in instances when a customer's payment for one bill "crosses in the mail" with the customer's subsequent bill (WMECo Comments at 10). These unintended results obtain because, under the existing payment method, the payment is applied to the distribution portions of both the first and subsequent bills before it is applied to the supplier portion of the first bill, even though payment

⁴ MECo currently allocates payments in this manner.

for the subsequent bill is not yet due (<u>id.</u>). WMECo notes that this particularly impacts municipal accounts, which are afforded a longer payment term (<u>id.</u>). WMECo states that it would be able to implement the proposed allocation method quickly, while NSTAR states that it "recently completed a comprehensive update of its billing system and does not expect to undertake a further update of its billing system for some months," at which time it would be able to implement the proposed method (WMECo Comments at 10-11; NSTAR Comments at 10, n.6).

In contrast, Fitchburg supports the continued implementation of the existing payment allocation method, stating that the existing method allows it to control its current charges and arrears (Fitchburg Comments at 2-3). Nonetheless, Fitchburg notes that implementing the proposed allocation method would require only minor computer and customer information system programs changes (id.).

Fitchburg, MECo, NSTAR and WMECo oppose a pro-rata allocation method, in which customer payments would be allocated to distribution company and supplier charges in proportion to the percentage of the total bill represented by each charge (Fitchburg Comments at 3-4; MECo Comments at 5-9; NSTAR Reply Comments at 5; WMECo Comments at 11-15). Fitchburg, MECo, NSTAR, and WMECo stated that the pro-rata allocation would increase the likelihood of termination of customers' electric service, noting that this is the reason why the Department rejected such a method in D.P.U./D.T.E. 97-65 (id.). Moreover, Fitchburg, MECo, NSTAR, and WMECo stated that such a payment scheme is inherently unfair to distribution companies (id.). For example, MECo, NSTAR, and WMECo argue that

it is inappropriate to compare the competitive services offered by suppliers with standard offer and default services, because (1) unlike suppliers, distribution companies have an statutory obligation to provide these services to all customers, and (2) competitive suppliers can terminate contracts with their customers promptly, whereas distribution companies are subject to strict rules regarding service termination for non-payment (MECo Comments at 7-10; NSTAR Reply Comments at 5-6; WMECo Comments at 11-15). Thus, establishing a pro rata payment allocation would be disadvantageous to distribution companies (id.).

Alternatively, the Competitive Suppliers and DOER support a pro-rata allocation method, stating that it is the most equitable method because it would (1) match customer payments with services rendered, and (2) put competitive supply service on an equal footing with the standard offer and default services provided by distribution companies (Competitive Supplier Comments at 9-11; DOER Comments at 3-4).⁵ According to the Competitive Suppliers and DOER, standard offer and default service customers who submit partial payments are subject to service termination. In contrast, under the existing and proposed allocation methods, competitive service customers who submit partial payments would not be

any directives contained herein.

The Competitive Suppliers and DOER assert that this payment allocation should be implemented by both electric and gas distribution companies (Competitive Supplier Comments at 11; DOER Comments at 3). The Department notes that the genesis of this proceeding was the Department's report to the Legislature in Competitive Metering.

Billing, and Information Services, D.T.E. 00-41 (2000), pursuant to § 312 of the Act. As its name implies, the intent of the Act was to restructure the manner in which electric service is provided to consumers. Equally important, the Department's Notice of Inquiry for the instant investigation referred only to electric distribution companies. Thus, the Department will not direct the local gas distribution companies to comply with

subject to termination, provided that the payments are at least equal to the amount of distribution company arrears (Competitive Supplier Comments at 9-11; DOER Comments at 3-4). The Competitive Suppliers acknowledge that the distribution companies' proposed allocation method, which provides for suppliers' arrears being paid before distribution companies' current charges, is an improvement over the existing payment allocation method (Competitive Suppliers' Comments at 10). However, the Competitive Suppliers maintained that any allocation method other than the pro-rata method would represent a significant barrier to suppliers in the residential and small commercial markets (id. at 10-11).

The Attorney General and the UWUA urge the Department to move cautiously with any changes to payment allocation, with the UWUA stating that any method that diverts a larger portion of customer payment to suppliers and, commensurately, a smaller portion to the distribution companies, will increase the risk of termination of a consumer's electric service (Attorney General Comments at 2, UWUA Comments at 5). The UWUA asserts that distribution company arrears should always receive highest payment priority (UWUA Comments at 5). The Attorney General maintains that changes in payment allocation should not diminish customer rights and should acknowledge customer payment preferences (Attorney General Comments at 2).

3. Analysis and Findings

The Department, in establishing its payment allocation rules, determined that "protecting customers from complete termination of electric service outweighs our concerns against potential barriers to competition at this time." D.P.U./D.T.E. 97-65 at 54. Consumers still

need this protection. At the same time, as we stated in <u>Competitive Market Initiatives</u>, D.T.E. 01-54, the Department is "committed to taking all appropriate steps to bring the benefits of industry restructuring to electricity consumers," noting that "as we approach the half-way mark of the seven-year transition period established by the 1997 Electric Restructuring Act, retail competition has not advanced as quickly as some anticipated." D.T.E. 01-54 at 1. In this proceeding, the Department reviews the payment allocation rules established in D.P.U./D.T.E. 97-65 to determine whether these rules act as barriers to the development of a robust competitive electric market in the Commonwealth, thus preventing electricity consumers from fully realizing the benefits of industry restructuring.

Prior to industry restructuring (when all customers received generation service from their distribution companies), customers were obligated to pay the full amount of their bills, or be subject to termination of their electric service, pursuant to the procedures and protections promulgated in 220 C.M.R. 25.00 et seq. This same obligation applies to standard offer and default service customers in the restructured electric industry. Currently, however, consumers who receive generation service from competitive suppliers can submit payments less than the full amount owed without being subject to service termination, as illustrated in Table 1, attached to this Order.

In the example summarized in Table 1, a customer who uses the complete billing option submits monthly payments equal only to the distribution component of the bill. Under the existing allocation method, each payment is applied first to distribution charges, with the result being that the customer's distribution charges are fully paid over the five-month period, while

the supplier charges remain fully unpaid. Because the distribution company would initiate service termination procedures only when the customer's distribution charges are in arrears, the customer would not be subject to termination, even though he/she paid only a portion of the full amount of the bill.⁶ The example summarized in Table 1 clearly illustrates that the existing allocation method, which allows consumers to withhold payments to their competitive supplier without being subject to termination, fails to provide suppliers with a reasonable opportunity to receive customer payments in a timely manner.

It is essential to the development of a robust competitive market that suppliers receive customer payments in a timely manner. In order to ensure that suppliers receive timely payments, the manner in which payments are allocated must send a clear signal to customers that, if they fail to pay their electric bill in full, including the generation component, they may be subject to termination of their electric service -- the same signal that was sent to customers prior to industry restructuring. There is no necessary hierarchy of payment that exalts distribution service over generation. What is conducive to and balances the interests of consumer protection and competitive market development, and is beneficial to consumers, should be the regulatory goal.

Tables 2 and 3, attached to this Order, illustrate how customer payments are allocated under the proposed and pro rata allocation methods, respectively, using the same assumptions

In the restructured electric industry, as before, only distribution companies can terminate consumers' electric service. Although competitive suppliers can terminate generation contracts with their customers for non-payment, the customers' electric service is not terminated. Instead, the customer is switched to distribution company-provided generation service.

as in Table 1 (i.e., a customer who uses the complete billing option submits monthly payments equal only to the distribution component of the bill). Table 2 shows that, using the proposed allocation method, the customer would have no distribution charges in arrears at the end of the five-month period and thus, as with the existing method, would not be subject to termination. The distribution company would have received 80 percent of the customer's payments, even though distribution charges comprise only 60 percent of the bill. Conversely, the customer's supplier would have received just 20 percent of the customer's payments, even though supplier charges comprise 40 percent of the bill. As illustrated, after five months, the customer would be in arrears to his supplier for \$1,000.

Table 3 illustrates that, under the pro rata method, the distribution company and supplier would have received 60 percent and 40 percent of the customer's payments, respectively, in direct proportion to the percentage of the total bill represented by the distribution and supplier charges. In addition, at the end of the five-month period, the customer's distribution charges would be \$600 in arrears and, thus, the customer would be subject to service termination.

As Tables 1 though 3 illustrate, only the pro rata method allocates customer payments in a manner that sends a clear signal to customers that if they fail to pay their bill in full, including the generation component, they may be subject to termination of their electric service.

Therefore, the Department concludes that implementation of the pro rata method would best ensure that suppliers receive customer payments in a timely manner and, thus, is most consistent with the development of a robust competitive electric market in the Commonwealth.

However, before directing the distribution companies to implement the pro rata method, the Department must ensure that, under such a method, consumers would continue to receive appropriate protections from having their electric service terminated.

The Department's consumer protection policies, as promulgated in 220 C.M.R. 25.00 et seq., are not intended to provide consumers with the opportunity to avoid full payment of their bills without consequence. Instead, these policies are intended to: (1) ensure that consumers are adequately and appropriately notified that termination of their electric service may occur because of nonpayment of their bills; (2) provide special protection from termination to certain consumers even in instances of nonpayment; (3) provide customers with a means to file a complaint against their distribution companies and competitive suppliers; (4) protect

⁷ 220 C.M.R. 25.02 provides that distribution companies may terminate electric service only if a bill is not paid within 48 days from receipt. 220 C.M.R. 25.02(3) requires distribution companies to send a second request for payment and a final notice of termination before proceeding with termination.

²²⁰ C.M.R. 25.03 provides that a distribution company may not terminate electric service to a customer if nonpayment is due to financial hardship and the affected household includes a seriously ill person or an infant. 220 C.M.R. 25.03 also provides winter protection against termination for electric space heating customers that are experiencing financial hardship. 220 C.M.R. 25.04 requires distribution companies to devise termination procedures for landlord accounts when termination may affect tenants. Finally, 220 C.M.R. 25.05 requires distribution companies to devise termination procedures for households in which all residents are 65 years of age or older.

⁹ <u>See</u> 220 C.M.R. 25.02(4).

¹⁰ 220 C.M.R. 11.07(4) states that, among other things, resolution of a complaint against a competitive supplier shall follow the procedures set forth in the Department's consumer protection regulations, 220 C.M.R. 25.02(4), with the caveat that suppliers must also make available to consumers specified alternative dispute procedures. In instances where residential customers have a dispute with their competitive suppliers, these

consumers from termination when the unpaid portion of a bill is the subject of a dispute pursuant to the Department's regulations;¹¹ and (5) provide consumers with the opportunity to enter into payment plans with their distribution companies in instances of accumulated arrearages.¹² These protections apply to all consumers, regardless of the source of their generation supply. Distribution companies do not have the discretion to apply greater protections to their standard offer and default service customers than to customers of competitive suppliers. Therefore, implementation of the pro-rata allocation method would not compromise the consumer protections afforded to customers of competitive suppliers. Instead, such implementation would provide the same consumer protections to customers of competitive suppliers that historically have been provided to all customers and currently are provided to standard offer and default service customers.

The Department rejects the distribution companies' argument that a pro-rata allocation of customer payments is unfair because it does not take into account the companies' regulatory obligation to serve. The Department permits companies to include a representative level of uncollectible revenue as an expense (commonly referred to as "bad debt expense") in cost-of-service for ratemaking purposes. A base rate case proceeding pursuant to G.L. 164, § 94 is the appropriate venue to investigate the appropriate level of bad debt expense to be included in

customers have ability to terminate their generation service with the suppliers by contacting their distribution company. Upon doing so, residential customers are switched to distribution-company service in two days.

See 220 C.M.R. 25.02(3).

¹² <u>See</u> 220 C.M.R. 25.02(6).

each company's rates. Competitive suppliers presumably price their product with a view to some level of bad debt, as well.

Based on the above analysis, the Department concludes that, of the payment allocation methods discussed in this proceeding, the pro-rata allocation method best ensures that suppliers receive customer payments in a timely manner, while maintaining appropriate consumer protections against termination of electric service. Therefore, the Department directs each distribution company to submit revised tariffs pertaining to those customers who receive a single bill from the distribution company for distribution company- and competitive supplier-related charges (i.e., the complete billing option). The revised tariffs should include the following sentence:

A customer's payment shall be allocated between the distribution company and the competitive supplier in the following manner. The payment should first be allocated to distribution company and supplier charges in arrears in proportion to the percentage of the combined arrears represented by each charge. Any remaining payment should be allocated to distribution company and supplier current charges in proportion to the percentage of the combined current charges represented by each charge.

The distribution companies shall submit their revised tariffs for Department approval within seven days of this Order. The revised tariffs shall have an effective date no later than 1 February 2002.

C. Purchasing of Receivables by Billing Entity

1. Introduction

Where customers receive a single bill from a distribution company that includes both distribution company- and competitive supplier-related charges, the distribution companies and suppliers are responsible for collecting their respective charges. Under a "purchasing of

receivables" approach, the billing party (<u>i.e.</u>, the distribution company) would assume the receivables of the non-billing party (<u>i.e.</u>, the supplier). The non-billing party would receive its full payment regardless of what is submitted by the customer to the billing party.

2. <u>Summary of Comments</u>

MECo, NSTAR, and WMECo state that the Department should not mandate that the companies purchase the receivables of suppliers, but, instead, should allow implementation of this arrangement in accordance with terms negotiated between a supplier and a distribution company (MECo Comments at 9-10; NSTAR Reply Comments at 7; WMECo Comments at 16). These companies argue that the purchase of receivables involves a significant shifting of costs and risks that must be negotiated, not mandated (id.). NSTAR adds that the purchasing of receivables already is available to suppliers on the competitive market (NSTAR Reply Comments at 7). Finally, NSTAR asserts that the mandated purchase of receivables could run afoul of the Fair Debt Collections Practices Act, which regulates how debt collectors may collect debts (NSTAR Comments at 11-13). Fitchburg states that it is not in favor of purchasing or selling receivables because suppliers and distribution companies have a greater opportunity to recover arrears if traditional collection activities are utilized (Fitchburg Comments at 5).

The Competitive Suppliers assert that an "assumption of receivables" option would increase efficiency and reduce costs because only one party, rather than two, would engage in collection activities (Competitive Suppliers Comments at 8). The Competitive Suppliers contend that, because distribution companies recover their collection and bad debt costs through their

base rates, these companies "should be required to assume supplier receivables at the full 100 percent value" (id.). Otherwise, the customer would be forced to pay for credit, collection, and bad debt costs twice -- once to the utility in distribution rates and a second time to the supplier whose receivables are discounted by the utility" (id.).

3. Analysis and Findings

The Department sees no validity to the Competitive Suppliers' argument that, for reasons of efficiency, distribution companies should be required to purchase the receivables of competitive suppliers. Collection of arrears for competitive service is beyond the range of services that distribution companies are legally required to provide. To the extent that suppliers seek to sell their receivables to other entities, suppliers have the opportunity to enter into such arrangements through competitive markets for this service. To require distribution companies to purchase these receivables would be inappropriate and unfair to the distribution companies' customers. The net effect of forced shifting of receivables would be to make the distribution companies the guarantors of their customers' obligations to the competitive supplier.

Competitive supply is the business these entrepreneurs have chosen, and they must accept the risks incident to their choice and cannot expect a regulator to shield them from those risks.

Therefore, the Department rejects the proposal put forth by the Competitive Suppliers.

III. ORDER

Accordingly, after consideration and review, the Department

ORDERED: Massachusetts Electric Company, NSTAR, Western Massachusetts Electric Company, and Fitchburg Gas and Electric Light Company to submit tariffs in

accordance	with	the	directives	contained	herein
accordance	willi	uie	unecuves	Comameu	пегеш.

By Order of the Department,
I Cll. Ch.i
James Connelly, Chairman
W. Robert Keating, Commissioner
Paul B. Vasington, Commissioner
Eugene J. Sullivan, Jr., Commissioner
Deirdre K. Manning, Commissioner

TABLE 1 PAYMENT ALLOCATION UNDER "EXISTING" METHOD

DATE	TOTAL BILL	DISTR CHAR	IBUTION GES	SUPPI CHAR		DESCRIPTION OF BILLING AND PAYMENT ACTIVITY
		Curre nt	Arrears	Curr ent	Arrears	
1/1/01	\$1000	\$ 600	\$0	\$ 400	\$0	Distribution company issues January bill
1/20	\$ 600	\$ 600 - 600 \$ 0	\$0	\$ 400	\$ 0	Customer submits partial payment for January bill
2/1/01	\$1000	\$ 600	\$ 0	\$ 400	\$ 400	Distribution company issues February bill
2/20	\$ 600	\$ 600 - 600 \$ 0	\$ 0	\$ 400	\$ 400	Customer submits partial payment for February bill
3/1/01	\$1000	\$ 600	\$ 0	\$ 400	\$ 800	Distribution company issues March bill
3/20	\$ 600	\$ 600 - 600 \$ 0	\$ 0	\$ 400	\$ 800	Customer submits partial payment for March bill
4/1/01	\$1000	\$ 600	\$ 0	\$ 400	\$1200	Distribution company issues April bill
4/20	\$ 600	\$ 600 - 600 \$ 0	\$ 0	\$ 400	\$1200	Customer submits partial payment for April bill
5/1/01	\$1000	\$ 600	\$ 0	\$ 400	\$1600	Distribution company issues May bill
5/20	\$ 600	\$ 600 - 600 \$ 0	\$ 0	\$ 400	\$1600	Customer submits partial payment for April bill

SUMMARY

	<u> 10tai Billed</u>	<u>% Of DIII</u>	Amount Paid	<u>% paid</u>
Distribution Company Charges	\$3,000	60 %	\$3,000	100 %
Competitive Supplier Charges	<u>\$2,000</u>	40 %	<u>\$ 0</u>	0 %
TOTAL CHARGES	\$5,000		\$3,000	

TABLE 2 PAYMENT ALLOCATION UNDER "PROPOSED" METHOD

DATE	TOTAL BILL	DISTRIB CHARGE		SUPPLIE CHARGI		DESCRIPTION OF BILLING AND PAYMENT ACTIVITY
		Current	Arrear s	Current	Arrears	
1/1/01	\$1000	\$ 600	\$0	\$ 400	\$0	Distribution company issues January bill
1/20	\$ 600	\$ 600 - 600 \$ 0	\$0	\$ 400	\$ 0	Customer submits partial payment for January bill
2/1/01	\$1000	\$ 600	\$ 0	\$ 400	\$ 400	Distribution company issues February bill
2/20	\$ 600	\$ 600 - 200 \$ 400	\$ 0	\$ 400	\$ 400 - 400 \$ 0	Customer submits partial payment for February bill
3/1/01	\$1000	\$ 600	\$ 400	\$ 400	\$ 400	Distribution company issues March bill
3/20	\$ 600	\$ 600	\$ 400 - <u>400</u> 0	\$ 400	\$ 400 - 200 \$ 200	Customer submits partial payment for March bill
4/1/01	\$1000	\$ 600	\$ 600	\$ 400	\$ 600	Distribution company issues April bill
4/20	\$ 600	\$ 600	\$ 600 - <u>600</u> 0	\$ 400	\$ 600	Customer submits partial payment for April bill
5/1/01	\$1000	\$ 600	\$ 600	\$ 400	\$ 1,000	Distribution company issues May bill
5/20	\$ 600	\$ 600	\$ 600 - <u>600</u> 0	\$ 400	\$ 1,000	Customer submits partial payment for May bill

SUMMARY

	Total Billed	% of bill	Amount Paid	% paid
Distribution Company Charges	\$3,000	60 %	\$2,400	80 %
Competitive Supplier Charges	<u>\$2,000</u>	40 %	<u>\$ 600</u>	20 %
TOTAL CHARGES	\$5,000		\$3,000	

TABLE 3 PAYMENT ALLOCATION UNDER "PRO RATA" METHOD

DATE	TOTAL BILL	DISTRIB CHARGI		SUPPLIER CHARGES		DESCRIPTION OF BILLING AND PAYMENT ACTIVITY
		Current	Arrear s	Current	Arrears	
1/1/01	\$1000	\$ 600	\$0	\$ 400	\$0	Distribution company issues January bill
1/20	\$ 600	\$ 600 - 360 \$ 240	\$0	\$ 400 - 240 \$ 160	\$ 0	Customer submits partial payment for January bill
2/1/01	\$1000	\$ 600	\$ 240	\$ 400	\$ 160	Distribution company issues February bill
2/20	\$ 600	\$ 600 - 120 \$ 480	\$ 240 - <u>240</u> 0	\$ 400 - 80 \$ 320	\$ 160 - 160 \$ 0	Customer submits partial payment for February bill
3/1/01	\$1000	\$ 600	\$ 480	\$ 400	\$ 320	Distribution company issues March bill
3/20	\$ 600	\$ 600	\$ 480 - <u>360</u> 120	\$ 400	\$ 320 - 240 \$ 80	Customer submits partial payment for March bill
4/1/01	\$1000	\$ 600	\$ 720	\$ 400	\$ 480	Distribution company issues April bill
4/20	\$ 600	\$ 600	\$ 720 - <u>360</u> 360	\$ 400	\$ 480 - 240 240	Customer submits partial payment for April bill
5/1/01	\$1000	\$ 600	\$ 960	\$ 400	\$ 640	Distribution company issues May bill
5/20	\$ 600	\$ 600	\$ 960 - <u>360</u> 600	\$ 400	\$ 640 - <u>240</u> 400	Customer submits partial payment for May bill

<u>SUMMARY</u>

	Total Billed	<u>% of bill</u>	Amount Paid	% paid
Distribution Company Charges	\$3,000	60 %	\$1,800	60 %
Competitive Supplier Charges	<u>\$2,000</u>	40 %	<u>\$1,200</u>	40 %
TOTAL CHARGES	\$5,000		\$3,000	